uFinancial Group
FINANCIAL PLANNING • INSURANCE • INVESTMENTS • SINCE 1890

Our Approach to Investing

Our experience tells us that a disciplined and diversified approach to investment management offers the greatest potential for investment success. We believe that a family's approach to investing should not only include diversification among asset classes, but various strategies as well. Accordingly, we use the following process when appropriate for our clients.

It should be noted that not all strategies are for every client. A client's risk tolerance, goals, time horizon and other factors determine what strategies and investments should be utilized. Certain strategies are only available via referral to third-party money managers.

Strategic Asset Allocation

Strategic asset allocation approaches create a mix of asset classes designed to capture market returns based on long-term capital market assumptions, while balancing risk and volatility. The portfolio strategists will generally remain fully invested in their assigned asset class, and usually do not deviate from their primary strategy.

Tactical Asset Allocation (within set parameters)

Tactical asset allocation approaches (constrained) attempt to capture broad market returns while also seeking to take advantage of short term opportunities or mitigate risks through moderate allocation shifts. This type of approach provides the potential for the portfolio strategist to add risk to asset classes when risk levels are low, and to remove risk when risk levels are high. While this strategy allows managers to move in and out of asset classes, they generally stay invested within the parameters of their strategy. It should also be noted that if the shifts are not timely or are within adversely affected asset classes, performance could suffer.

Tactical Asset Allocation (without parameters)

Tactical asset allocation (unconstrained) removes the limits on the extent and frequency of allocation shifts, allowing the portfolio strategist to move more aggressively in response to changes in their outlook. This approach can provide flexibility when difficult market conditions place a premium on active asset class management. Conversely, a portfolio may be slow to get into an up market or not fast enough getting out of a downward market, hampering performance. Although manager due diligence is a must in all of these strategies, a higher premium is placed on the due diligence of the manager of an unconstrained allocation portfolio.

Absolute Return Strategies

Absolute Return strategies may be for risk-averse investors comfortable with modest returns in exchange for highly active risk management that may include frequent allocation shifts, non-traditional asset classes and/or alternative strategies.

Neither asset allocation nor diversification guarantees a profit or ensures against a loss in a declining market.

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